

Oil shale project rises from the dust

Listening to Byron Merrell talk about oil shale is like eating chocolate cake, it tastes so good that you worry about its impacts.

Merrell is the Vernal spokesman and chief executive officer for one of two Uintah County companies chosen to develop oil shale in Uintah County.

"Our oil shale project began about 20 years ago when most companies were getting out of the oil shale business," Merrell said. The company built its first retort in 1993.

If Merrell's process is proven on a commercial level, it could mean huge growth for the Uintah Basin. It is estimated by the World Energy Council, that there are over 2.6 trillion barrels of recoverable barrels of oil in the Green River Formation. The company Merrell represents, Oil-Tech Inc., has an in-situ retort on a tract of State Lands in southeastern Uintah County. The retort can produce about one barrel of oil from oil shale a day. The retort the company wants to build will produce 1,000 barrels a day.

"Since the late 1800s retorts have been built to heat up oil shale to produce oil," Merrell said during a meeting the Vernal Chamber Conservations Committee last week. "100 percent of them were successful in producing oil, but 100 percent of them were a failure in becoming commercially feasible in that they would plug up."

Merrell believes his company has solved the plugging problem with its gravity flow retort and its proprietary stirring system. The company was one of eight companies chosen by the BLM to test its process on a commercial level on 160 acres of BLM ground.

"Our biggest holdup has been that there was no mechanism in place to lease federal oil shale properties," Merrell said. About 70 percent of U.S. oil shale is on Federal land, primarily in Colorado, Utah and Wyoming.

Now the company has access to one of the largest oil shale mines in the world, the White River Shale mine which was abandoned in the 1970s after much of the preliminary preparations had been completed.

Merrell claims that the project can produce oil from oil shale for \$10 to \$20 a barrel. Propane, a by-product of the process, will

assist the process which uses electricity to initially heat the shale. The crushed shale is heated to about 2500 degrees and its vapors are condensed to form oil.

The spent oil shale, which is left over after the oil has been taken out, can be used to manufacture wall board or cement. Merrell admits that a commercial oil shale retort would flood the market with spent oil shale. One of the options the company is looking at is filling abandoned Gilsonite mines located near the White River Shale mine with the spent oil shale. Merrell said the process produces its own water.

"The only water needed will be for drinking and use by the workers at the mine," Merrell said.

Because of two new entries in the global demands for oil, China and India, Merrell believes that the interest in oil shale will not diminish like it did in the 1980s. Merrell said if oil shale is developed, it could support a town of 5,000 people.

"A town of that size would need a source of water, which would mean the development of the White River Dam," Merrell said.

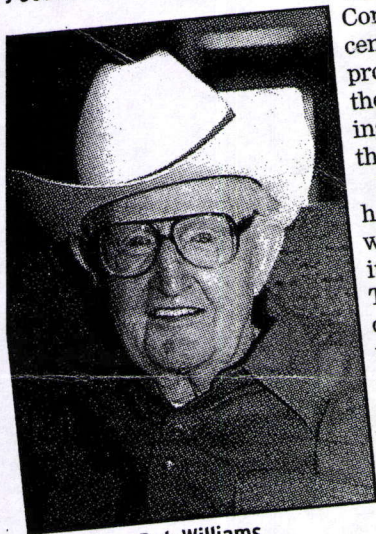
Oil-Tech is not the only company awarded a 160 acres test plot by the BLM for the development of oil shale. Oil Shale Exploration, LLC has applied for the same plot as Oil-Tech. Their expertise is in the mining technology. It was hoped by some that Oil-Tech and Oil Shale Exploration would join together on the project, but Merrell does not see that happening.

"The mining portion of the company will pretty much run the business and we have an agreement with Kennecott to operate the mine," Merrell said.

"Each of these proposals show potential for advancing knowledge of oil shale recovery technology, evidence of economic viability and adequate means of managing the environmental impact of oil shale development," said BLM Director Kathleen Clarke, after the selection of the companies last January. "NEPA analysis will further ensure that oil shale development on federal lands is conducted with environmental and economic responsibility."



Coalition meeting.



Bob Williams

Distinguished UHS alumni

Robert H. Williams will be recognized as Uintah High School's twentieth recipient of the Distinguished Alumnus Award during a morning awards assembly to be held Tuesday, May 9, 2006 at 9 a.m.

See Williams on A10

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